

Message Text

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PAGE 01 NEW DE 00020 031255Z
ACTION NEA-10

INFO OCT-01 ISO-00 EB-07 CAB-05 CIAE-00 COME-00 DODE-00
DOTE-00 INR-07 NSAE-00 CIEP-02 FAA-00 L-03 OMB-01
SP-02 /038 W
-----031257Z 054987 /44

P 030904Z JAN 77
FM AMEMBASSY NEW DELHI
TO US TREASURY WASHDC PRIORITY
SECSTATE WASHDC PRIORITY 333

UNCLAS NEW DELHI 0020

E.O. 11652: N/A
TAGS: EFIN, EAIR, IN
SUBJECT: U.S. INDIA AGREEMENT ON TAX EXEMPTION FOR AIRLINES

REF: (A) NEW DELHI 18702, (B) STATE 308070

1. TEXTS OF CHARGE'S LETTER AND REPLY OF S.R. MEHTA, CHAIRMAN OF THE CENTRAL BOARD OF DIRECT TAXES OF DECEMBER 29, 1976 ARE REPEATED IN PARAS 2 AND 3 BELOW. AT REQUEST OF GOI, TEXT OF CHARGE'S LETTER TRANSMITTED REFTEL B WAS SLIGHTLY AMENDED WITH REGARD TO EXEMPTIONS GRANTED BY INDIA IN ORDER TO SPECIFY THAT (A) INDIVIDUAL U.S. CITIZENS MUST BE, AS STATED IN EXCHANGE OF NOTES, NON-RESIDENT IN INDIA AND (B) AIRCRAFT MUST BE REGISTERED IN THE UNITED STATES (AS AUTHORIZED BY STATE 301535).

2. CHARGE'S LETTER: QUOTE DEAR MR. MEHTA: ON NOVEMBER 26, 1976 WE EXCHANGED LETTERS CONCERNING A RECIPROCAL AIRLINE TAX EXEMPTION. IN THIS CONNECTION THE TEXT OF THE U.S. NOTE DOES NOT MAKE A SPECIFIC REFERENCE TO THE AIRCRAFT REGISTRATION REQUIREMENT CONTAINED IN SECTIONS 872(B) (2) AND 883(A) (2) OF THE U.S. INTERNAL REVENUE CODE OF 1954, AS AMENDED, THOUGH IT HAD BEEN INTENDED THAT THESE REQUIREMENTS BE COVERED BY THE NOTE.
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FOR THIS REASON WE WISH, BY THIS LETTER, TO CONFIRM THE U.S. STATUTORY REQUIREMENT THAT THE AIRCRAFT, INCOME FROM THE OPERATION OF WHICH IS EXEMPT FROM U.S. INCOME TAX, BE REGISTERED IN INDIA, WHICH GRANTS AN EQUIVALENT EXEMPTION TO U.S. CORPORATIONS AND TO U.S. CITIZENS NON-RESIDENT IN INDIA IN RESPECT OF INCOME FROM THE OPERATION

OF AIRCRAFT REGISTERED IN THE UNITED STATES.

I WOULD BE MOST GRATEFUL IF YOU WOULD KINDLY CONFIRM
THIS LETTER SO AS TO MEET THE STATUTORY REQUIREMENT OF
THE U.S. INTERNAL (REVENUE) CODE. SINCERELY. (SIGNED)
DAVID T. SCHNEIDER, CHARGE D'AFFAIRES AD INTERIM. END QUOTE.

3. MEHTA'S LETTER: QUOTE DEAR MR. SCHNEIDER, THIS
IS TO ACKNOWLEDGE RECEIPT OF YOUR LETTER DATED DECEMBER
27, 1976 REGARDING THE AGREEMENT BETWEEN THE GOVERNMENT OF
INDIA AND THE GOVERNMENT OF THE UNITED STATES OF AMERICA
FOR THE AVOIDANCE OF DOUBLE TAXATION OF INCOME OF THE
INTERNATIONAL AIRLINES OF THE TWO COUNTRIES AND TO CONFIRM
THE TEXT OF YOUR LETTER WHICH READS AS FOLLOWS: (BODY OF
CHARGE'S LETTER IS QUOTED IN FULL). YOURS SINCERELY,
(SIGNED) S.R. MEHTA. END QUOTE

4. COPIES BEING POUCHES. SCHNEIDER

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRANSPORTATION TAXES, TAX RELIEF
Control Number: n/a
Copy: SINGLE
Sent Date: 03-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977NEWDE00020
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770001-1164
Format: TEL
From: NEW DELHI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770185/aaaacwhs.tel
Line Count: 80
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: ffdde4dd-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
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TAGS: EFIN, EAIR, IN
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